

OFFICE OF THE TREASURER

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The Treasury Note

A monthly newsletter of municipal finance
 February 1, 2001

Appointments for Upcoming Bond Sales

The State has appointed the following firms to financing teams that will assist with upcoming bond sales. If you are interested in purchasing any of these bonds, please contact the senior, co-senior, or co-managers listed below.

State Public Works Board Refundings

Senior Team: Bear, Stearns & Co. Inc.; E.J. De La Rosa & Co., Inc.; J.P. Morgan Securities Inc.

Co-Managers: Great Pacific Securities, Inc.; Lehman Brothers; Merrill Lynch & Co.; Morgan Stanley Dean Witter; M.R. Beal & Company; Pacific-American Securities, LLC; PaineWebber Incorporated

Financial Advisor: Public Resources Advisory Group

Lead Bond Counsel: Orrick, Herrington & Sutcliffe

Co-Bond Counsel: Curls, Brown & Duran LLP

Disclosure Counsel: Lofton, De Lancie

State Public Works Board Lease Revenue Bonds

Senior Manager: Redwood Securities Group, Inc.

Co-Senior Manager: The Chapman Company

Co-Managers: eBondTrade; First Albany Corporation; J.P. Morgan Securities Inc.; Merrill Lynch & Co.; Ramirez & Company, Inc.; Roberts and Ryan Investments Inc.; Siebert Brandford Shank & Co., LLC

Pricing Advisor: Leifer Capital

Lead Bond Counsel: Stradling, Yocca, Carlson & Rauth

Co-Bond Counsel: Quint & Thimmig

Disclosure Counsel: Latham & Watkins

Department of Water Resources Variable Rate Refunding Bonds

Co-Senior Managers: E.J. De La Rosa & Co., Inc.; Goldman Sachs & Co.; and Lehman Brothers

State of California General Obligation Bonds

Serving on the sale scheduled on March 13, 2001

Lead Bond Counsel: Orrick, Herrington & Sutcliffe

Co-Bond Counsel: Neumiller & Beardslee

Disclosure Counsel: Mallory & Associates

Serving on the sale scheduled on June 5, 2001

Lead Bond Counsel: To Be Announced

Co-Bond Counsel: Law Offices of Joaquin A. Talleda

Disclosure Counsel: Brown & Wood LLP

Serving on third sale scheduled in 2001

Lead Bond Counsel: To Be Announced

Co-Bond Counsel: Law Office of Pamela S. Jue

Disclosure Counsel: Quateman & Zidell LLP

Serving on all General Obligation Sales

Financial Advisor: Public Resources Advisory Group

2001-02 Governor's Budget

The Governor released his proposed 2001-02 budget on January 10, 2001. The budget includes appropriations of \$32.6 billion for K-12 education, \$21.6 billion for health and human services, and \$10.3 billion for higher education, which account for approximately 78 percent of the total General Fund expenditures. The budget proposal also includes a rainy-day reserve of \$1.9 billion and a set-aside for legal contingencies of \$500 million.

2001-02 Governor's Budget General Fund Budget Summary

(Published 1/10/2001)

(Dollars in Millions)

	2000-01	2001-02
Prior Year Balance	\$9,366	\$6,557
Revenues and Transfers	\$76,899	\$79,434
Total Resources Available	\$86,265	\$85,991
Expenditures	\$79,708	\$82,853
Fund Balance	\$6,557	\$3,138

Budget Reserves and Set-Asides:

Reserve for liquidation of Encumbrances	\$701	\$701
Set-aside for Legal Contingencies	\$7	\$500
Special Fund for Economic Uncertainties	\$5,849	\$1,937

Listing of Redemptions and Defeasances

This listing reflects redemptions and defeasances officially announced as of February 1, 2001.

Questions regarding redemption information can be directed to (800) 900-3873.

State of California Department of Transportation, East Bay State Building Authority, Certificates of Participation/Current Interest Certificates Series 1991A, Dated Date: September 1, 1991 (Partial Redemption)

\$4,470,000 of the certificates due March 1, 2007 and \$43,500,000 of the certificates due March 1, 2016 will be redeemed on March 1, 2001.

State of California Various Purpose General Obligation Bonds, Dated Date: October 1, 1995 (Partial Defeasance)

\$5,800,000 of the bonds maturing on October 1, 2008 will be redeemed on October 1, 2005.

State of California Various Purpose General Obligation Bonds, Dated Date: November 1, 1996 (Partial Defeasance)

\$9,340,000 of the bonds maturing on June 1, 2012 will be redeemed on June 1, 2006.

State of California Various Purpose General Obligation Bonds, Dated Date: March 1, 1997 (Partial Defeasance)

\$39,820,000 of the bonds maturing on October 1, 2007, October 1, 2009 and October 1, 2010 will be redeemed on October 1, 2006.

State of California Various Purpose General Obligation Bonds, Dated Date: October 1, 1997 (Partial Defeasance)

\$30,955,000 of the bonds maturing on October 1, 2010 will be redeemed on October 1, 2007.

State of California Various Purpose General Obligation Bonds, Dated Date: September 1, 1999 (Full Defeasance)

\$12,900,000 of the bonds maturing on September 1, 2010 will be redeemed on September 1, 2009.

State of California Various Purpose General Obligation Bonds, Dated Date: October 1, 1999 (Partial Defeasance)

\$25,920,000 of the bonds maturing on October 1, 2010-2011 will be redeemed on October 1, 2009.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website (www.treasurer.ca.gov) or call (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Various Purpose General Obligation Bonds and General Obligation Refunding Bonds (Refunding Subject to Market Conditions)	\$500-750 Million**	2/27/01
State Public Works Board Refunding	To be determined	3/15/01
State Public Works Board Lease Revenue Bonds	\$50 million	4/4/01
Department of Veterans Affairs, General Obligation Bonds	To be determined	4/11/01
Department of Veterans Affairs, General Obligation Bonds	To be determined	6/6/01
Various Purpose General Obligation Bonds and General Obligation Refunding Bonds (Refunding Subject to Market Conditions)	\$500-750 Million**	6/12/01
Department of Water Resources Refunding Bonds	\$250 million	To be determined

*Subject to change without notice.

**Does not include possible refunding amounts.